Household financial stress rises in the June quarter

Media Release

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Source: Household financial resources, June 2020

Australian households experienced increased financial stress in the June 2020 quarter compared to the combined three previous quarters, according to a report released today by the Australian Bureau of Statistics (ABS).

The results, collected before and during the introduction of government economic responses to COVID-19, are the first in a series of quarterly releases from the ABS' Survey of Income and Housing.

ABS Head of Household Surveys, David Zago, said more households had experienced at least one indicator of financial stress in the June 2020 quarter (38 per cent) compared to the previous three quarters (34 per cent).

"We can start to see the early effects of COVID-19 on the financial wellbeing of different types of households during the June 2020 quarter. Future updates will tell us more about the full effect on household finances of responses lik JobKeeper and the Coronavirus Supplement," Mr Zago said.

Financial stress increased for households with employee earnings as their main source of income, with the proportion experiencing at least one indicator of financial stress rising to 37 per cent in the June 2020 quarter, up from 31 per cent in the previous three quarters.

"We found more employee households (14 per cent) sought financial help from friends or family in the June quarter than during the previous nine months (11 per cent), or sought assistance from welfare or community organisations (4 per cent, up from 2 per cent)," Mr Zago said.

"More employee households drew down on savings in the June 2020 quarter (11 per cent, up from 8 per cent) and increased credit card debt by $1,000 or more (6 per cent, up from 4 per cent) to meet basic living expenses."

Average weekly income from government payments increased by $36 per week in the June 2020 quarter, compared to previous quarters, to an average of $243 per household. This increase is likely understated, as many households were interviewed prior to support payments such as the Coronavirus Supplement for JobSeeker recipients.

Media notes

- Financial stress indicators include items such as being unable to raise emergency funds within a week, pay bills on time, seeking assistance from welfare or community organisations or going without dental treatment when needed due to a shortage of money in the last 12 months.
- June 2020 quarter estimates have been compared to the previous three-quarter period (July 2019 to March 2020).
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